

Item #42: Timber Volume Under Contract

Evaluation Question: What is the relationship between volume under contract, and the 10 year average figure? Does this trend contribute towards sustaining local timber industries?

Method: Timber volume under contract.

Data Sources:

- Volumes obtained from standard Northern Region Timber Sale Statistics report
- Montana's Forest Products Industry and Timber Harvest, 2004. Spoelma, Morgan et al, RMRS – RB-8, March 2008.
- February 2008, Todd Morgan presentation on Montana's Forest Products Industry.
- [Montana's Forest Products Industry, Current Conditions and 2010 Forecast](#), 2010. Morgan et al.

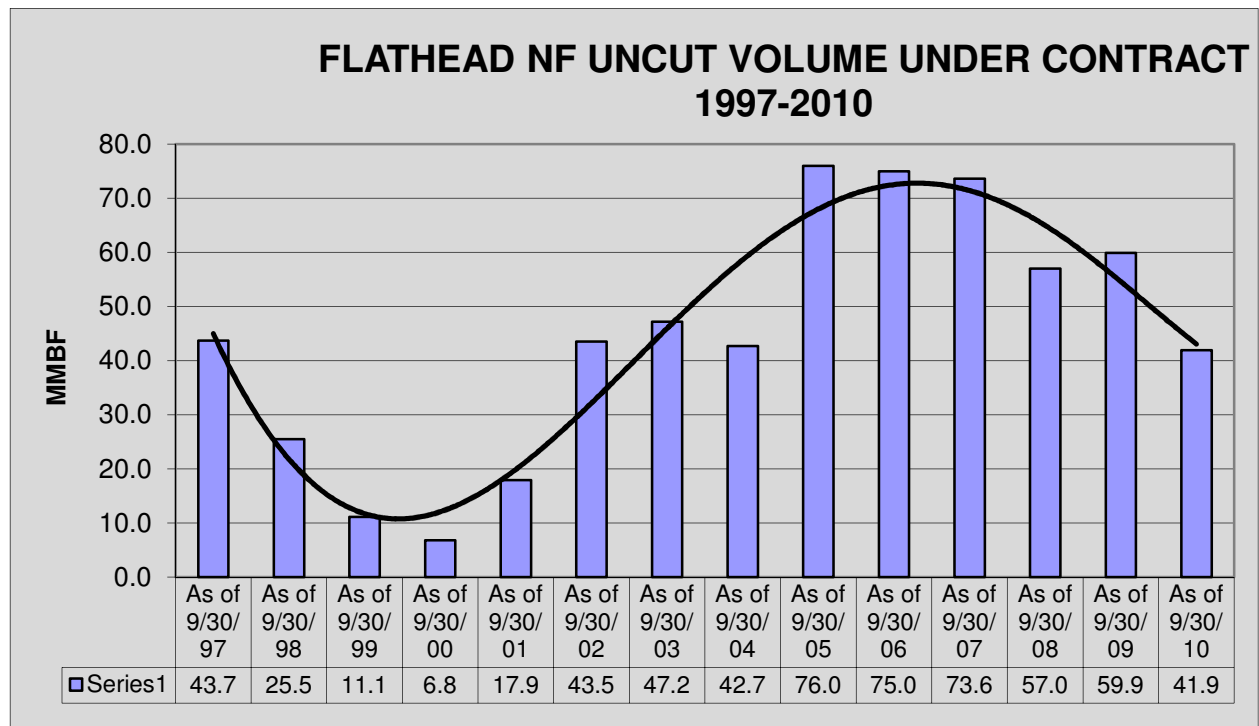


Figure 1: Flathead NF Uncut Volume Under Contract

Volume under contract declined to a low of 6.8 MMBF in 2000, but has subsequently rebounded, with current three year average of 52.9 MMBF, and a 10 year average of 53.5 MMBF. This represents approximately two years worth of timber offerings for the forest. This is a decline from the prior monitoring report. Reasons for the spike and decline in volume under contract include the completion of numerous fire salvage sales, as well as a recent shift towards harvest on federal lands (vs. private) during the poor economic market conditions.

Overall Montana lumber production has been declining since the mid 1980s, due to a combination of market factors and availability constraints. The last three years have presented particularly challenging conditions for the woods product industry. In response to housing declines, lumber prices have dropped nearly 50% from 2005 to 2009. These market conditions have caused substantial drop in sales, production, employment and labor income in the timber industry.

National Forest lands currently supply about one quarter of the timber utilized by Montana mills, down from about 45% in the mid 1980s. Harvest from industrial lands has remained at about 35% of total harvest, with non-industrial private land harvest increasing somewhat as Federal land harvest declined. Because of weak markets, harvest from private lands has fallen sharply, with harvest from National Forests reported to be slightly higher over the last several years.

Timber availability remains one of greatest challenges facing the woods products industry, and the decline in harvest on National Forest lands is a major concern. Statewide, mills are running at only 70% capacity, with 80-90% being more optimal. Any further reduction in National Forest harvest levels has been predicted to result in additional mill closure(s). So, sustaining current volume under contract is critical to sustaining the infrastructure needed to support future forest vegetation management for fuels reduction or other management purposes.

While higher harvest levels would be of benefit to the timber industry, the stabilization of Flathead Forest volume under contract is a positive factor in contributing to sustaining local woods product industries.

Recommended Actions: Continue to monitor trends